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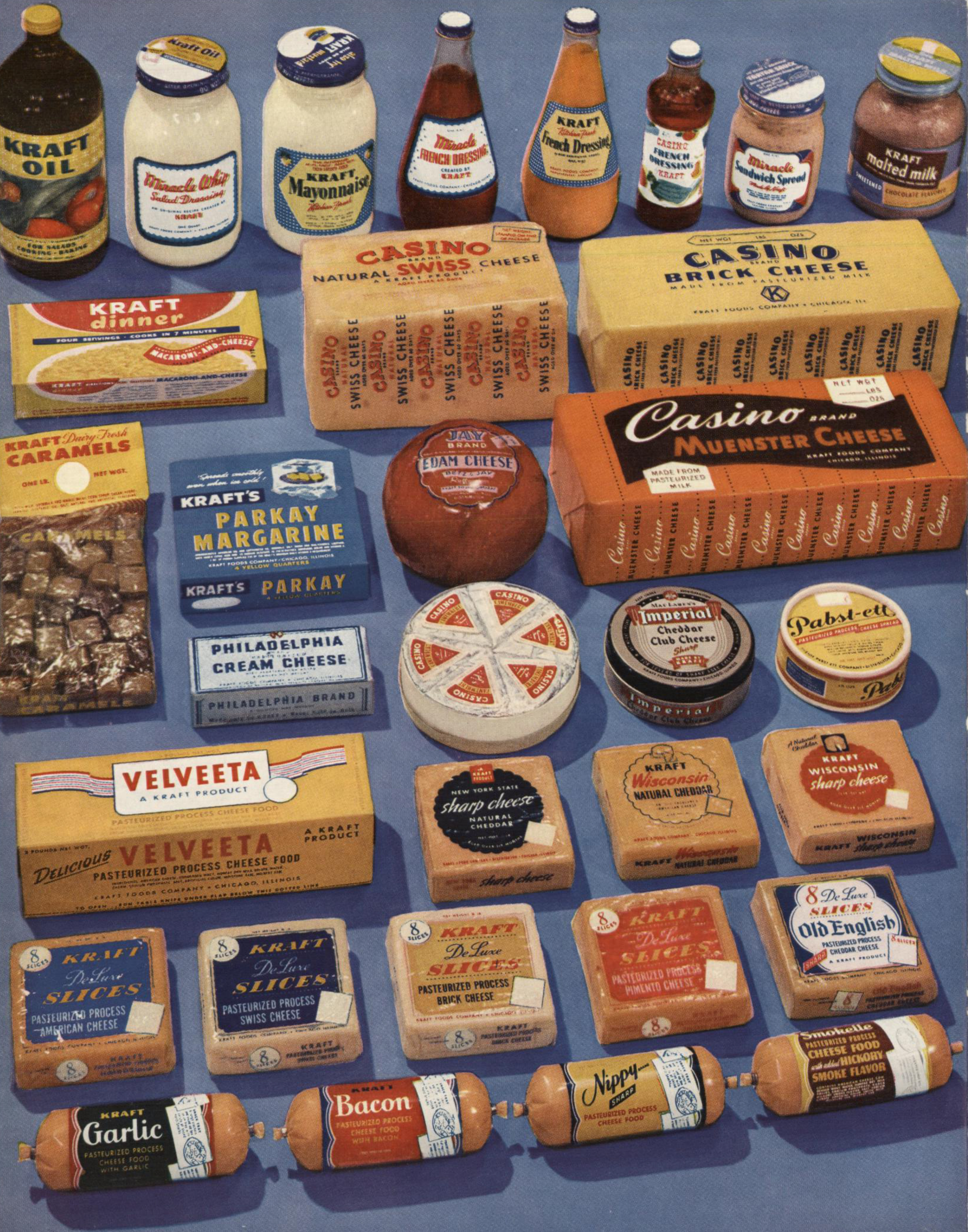
NATIONAL DAIRY
PRODUCTS CORPORATION

30th Annual Report • 1953


KRAFT OIL
FOR SALADS COOKING · BAKING
Kraft Oil
Miracle Whip Salad Dressing
KRAFT Mayonnaise Kitchen-Fresh
Miracle FRENCH DRESSING CREATED BY KRAFT
KRAFT Kitchen-Fresh French Dressing
CASINO FRENCH DRESSING KRAFT
Miracle Sandwich Spread
KRAFT malted milk
CHOCOLATE FLAVORED
CASINO BRAND NATURAL SWISS CHEESE A KRAFT PRODUCT
CASINO BRAND BRICK CHEESE MADE FROM PASTEURIZED MILK
KRAFT FOODS COMPANY · CHICAGO, ILL.
KRAFT dinner
FOUR SERVINGS · COOKS IN 7 MINUTES
MACARONI-AND-CHEESE
Casino BRAND MUENSTER CHEESE
KRAFT FOODS COMPANY CHICAGO, ILLINOIS
MADE FROM PASTEURIZED MILK
JAY BRAND EDAM CHEESE
KRAFT Dairy-Fresh CARAMELS
ONE LB. NET WGT.
Spreads smoothly even when ice cold!
KRAFT'S PARKAY MARGARINE
KRAFT FOODS COMPANY · CHICAGO, ILLINOIS
4 YELLOW QUARTERS
KRAFT'S PARKAY
PHILADELPHIA CREAM CHEESE
PHILADELPHIA BRAND
CASINO
MacLaren's Imperial Cheddar Club Cheese Sharp
Imperial Cheddar Club Cheese
Pabst-ett PASTEURIZED PROCESS CHEESE SPREAD
VELVEETA A KRAFT PRODUCT
PASTEURIZED PROCESS CHEESE FOOD
Delicious VELVEETA PASTEURIZED PROCESS CHEESE FOOD
KRAFT FOODS COMPANY · CHICAGO, ILLINOIS
A KRAFT PRODUCT
NEW YORK STATE sharp cheese NATURAL CHEDDAR
KRAFT Wisconsin NATURAL CHEDDAR
A Natural Cheddar KRAFT WISCONSIN sharp cheese
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS AMERICAN CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS SWISS CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS BRICK CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS PIMENTO CHEESE
8 DeLuxe SLICES Old English PASTEURIZED PROCESS CHEDDAR CHEESE SHARP A KRAFT PRODUCT
KRAFT Garlic PASTEURIZED PROCESS CHEESE FOOD WITH GARLIC
KRAFT Bacon PASTEURIZED PROCESS CHEESE FOOD WITH BACON
Nippy BRAND SHARP PASTEURIZED PROCESS CHEESE FOOD
Smokelle PASTEURIZED PROCESS CHEESE FOOD with added HICKORY SMOKE FLAVOR

Together We Serve

THIS report marks the Thirtieth Anniversary of National Dairy. Although the history of our operating companies goes back in some cases more than 100 years, it was not until 1923 that National Dairy was formed. During the three decades since that time, we have won and held a position of leadership in service to consumers. That is the achievement of your Company team which we review in this anniversary report.

But business success alone is not the whole story. In the performance of our normal, useful commercial function, we serve many people in ways distinctive to their individual needs. To consumers we offer an increasing number of nourishing foods which they relish. For hundreds of thousands of suppliers we provide a ready market for the produce of farms and orchards, or the output of factories. In turn our own operations afford steady work at good wages for tens of thousands of employees.

Of particular importance to those to whom this management report is directed, are the human factors in the benefits which investment in National Dairy stock and debentures has created.

There is a girl in a New England college today whose education is being made possible by National Dairy stock that was bought by a prudent parent even before she was born. In a Southern city a small business is growing larger on a local bank loan secured by National Dairy stock. In a small Midwestern town a retired couple lives independently on income from savings accumulated during the hard-working years and invested in National Dairy. Throughout the country policyholders in many insurance companies are protected by resources that include substantial holdings in National Dairy securities.

A child at play on an Indiana farm, a church in New Mexico, the owner of a gas station in Idaho, a business executive in New York, a hospital in Texas, a worker in a Detroit factory, a grandmother in Oregon, a young couple building a new home in Georgia —these are only a few of the nearly 62 thousand individuals and 485 institutions to whom National Dairy's progress means help in the fulfillment of cherished hopes and ambitions.

No record of National Dairy's first 30 years in business would be complete if it failed to recognize the ways in which the Company touches the personal lives not only of our shareowners and employees, but of the customers, farmers, suppliers, retailers and others affected by our activities. Our management team is dedicated to better living for all these people, as together we serve in useful, profitable enterprise.

C E Stewart

President

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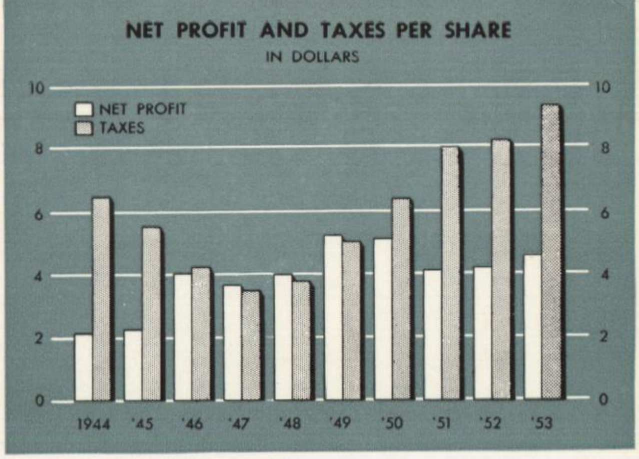
Our cover shows a dairy farm in the rolling hills of Lancaster County, Pa. Many such family-owned farms supply our various Pennsylvania operations, which include Rieck, of Pittsburgh, one of our founding companies.

We have just completed an animal feeds plant in the same area.

Review in Brief



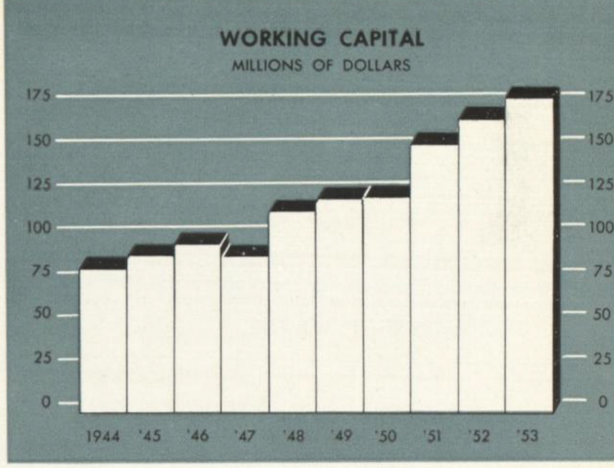
OPERATING RECORD

	1953	1952
WE RECEIVED INCOME:		
From the Sale of Products	$1,232,126,000	$1,141,296,000
From Other Sources	4,582,000	4,191,000
Total Income	$1,236,708,000	$1,145,487,000
WE INCURRED COSTS AND EXPENSES:		
Milk and Other Products	$ 697,728,000	$ 656,947,000
Wages and Salaries	203,724,000	190,482,000
Operating Services and Supplies	109,053,000	94,762,000
Packaging	82,932,000	74,382,000
Taxes	62,758,000	54,668,000
Repairs and Maintenance	24,089,000	22,124,000
Depreciation	22,513,000	21,190,000
Interest on Long-term Debt	3,074,000	3,133,000
Total Costs and Expenses	$1,205,871,000	$1,117,688,000
WE EARNED:		
In Total	$ 30,837,000	$ 27,799,000
On Each Dollar of Sales	2½¢	2⅖¢
On Each Share of Stock	$ 4.63	$ 4.22
WHICH WAS DISTRIBUTED AS FOLLOWS:		
Retained in Business	$ 10,984,000	$ 8,483,000
Dividends to Shareholders	19,853,000	19,316,000
Per Share	$ 3.00	$ 3.00

FINANCIAL POSITION

	1953	1952
WE OWNED:		
Cash, Government and Other Marketable Securities	$ 82,598,000	$ 39,528,000
Accounts Due Us	50,733,000	50,534,000
Products, Materials and Supplies	107,306,000	136,865,000
Property, Plant and Equipment (net)	176,384,000	174,528,000
Investments and All Other Assets	7,946,000	7,740,000
Total Owned	$ 424,967,000	$ 409,195,000
WE OWED:		
For Materials, Services and Taxes (net)	$ 58,897,000	$ 55,329,000
Long-term Debt (Less Debentures in Treasury)	102,815,000	105,700,000
Reserves for Prior Years' Taxes, Insurance, etc.	14,398,000	13,162,000
Total Owed	$ 176,110,000	$ 174,191,000
NET WORTH:		
Difference between What We Owned and What We Owed	248,857,000	235,004,000
	$ 424,967,000	$ 409,195,000

(The statements of Consolidated Profit and Loss and Surplus will be found on page 18; Consolidated Balance Sheets on pages 16 and 17.)

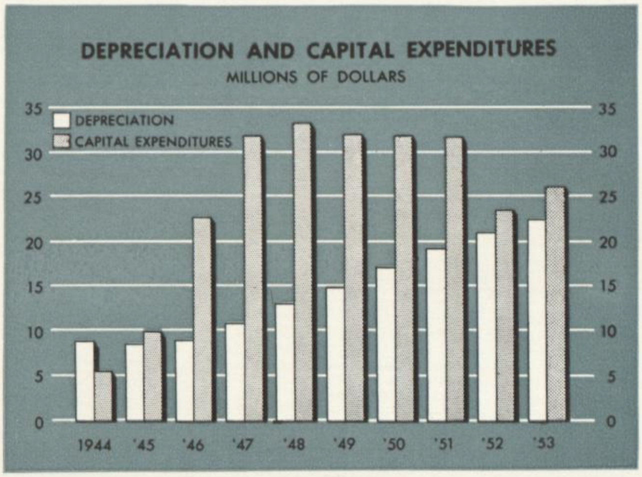


Report of Management

Our thirtieth anniversary year, 1953, has been one of the most rewarding in our history. Our sales reached new peaks for the third successive year.

We served more customers than ever before, and bought more raw materials and supplies from the thousands of American farmers and businessmen with whom we deal. Our earnings after taxes increased despite a higher tax bill, and total dividends were on a record level. For the first quarter of 1954, a dividend of 75 cents per share was declared.

The 30 years of National Dairy reflect the unfolding drama of American industry in the 20th century. Yet our strength and growth stem from even deeper roots, since many of our companies reach back to the pioneering days of American industry. Three of our principal subsidiaries are over a century old, and 27 of them have been operating for 50 years or more. Among the remainder, 16 have been in business over 30 years. Virtually all of our principal divisions have been affiliated with the Company 20 years or longer, and their combined performance has contributed mightily toward our growth into one of the world's leading food companies.

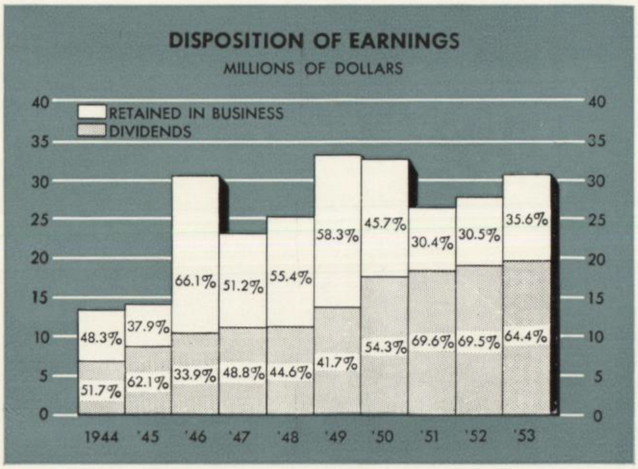


In broadening our markets over the years, we have created profitable opportunities for farmers, workers and businessmen. More than nine-tenths of our total income in 1953 went as payments to farmers for milk and other raw materials, to our other suppliers and to our workers. We paid $62,758,000 for taxes, which is two of every three dollars we earned.

Throughout our 30 years of operation we have kept pace with the advances in food and nutrition. With the constant aim of extending our services to the public, our products have been improved and diversified through research. Production methods have been improved to help offset increasing costs of supplies and labor. Advanced planning and modern merchandising have enabled us to enter new markets and increase our service in others.

To keep abreast of sales, we have steadily expanded our plant capacity and increased our efficiency and service. Our greater production and marketing facilities have kept up with the widespread developments in agriculture, the rapid growth in population, the better understanding of diet, and the increases in consumer income and spending.

In 1953 we made considerable progress with our building program. A new Southern Dairies plant was erected at Charlotte, N. C. and the central office of Southern Dairies was moved from Washington, D. C. to Charlotte. The new Kraft plant near Atlanta went into full operation. Another new Kraft manufacturing plant is being erected at Springfield, Mo. Also



at Springfield, for our Consolidated Products Company, a new animal feeds manufacturing plant is being built. In Lancaster, Pa. we have completed a plant for animal feeds to serve the eastern portion of the country. Kraft has opened new sales branches in Seattle, Wash., South Bend, Ind., Fresno, Calif., Columbia, S. C. and Winnipeg, Canada; and a new branch is under construction at San Antonio, Texas, to replace an inadequate structure. A new Sealtest milk plant is under construction in Detroit. Recently completed Sealtest plants now in full use include ice cream units in Pittsburgh and Milwaukee.

Our major building program in 1954 will include a large new Kraft plant in Montreal to serve all of Canada; a new milk plant in Milwaukee, and a Kraft manufacturing plant at New Ulm, Minn. Our Southern Dairies plant in Washington, D. C. will be rebuilt.

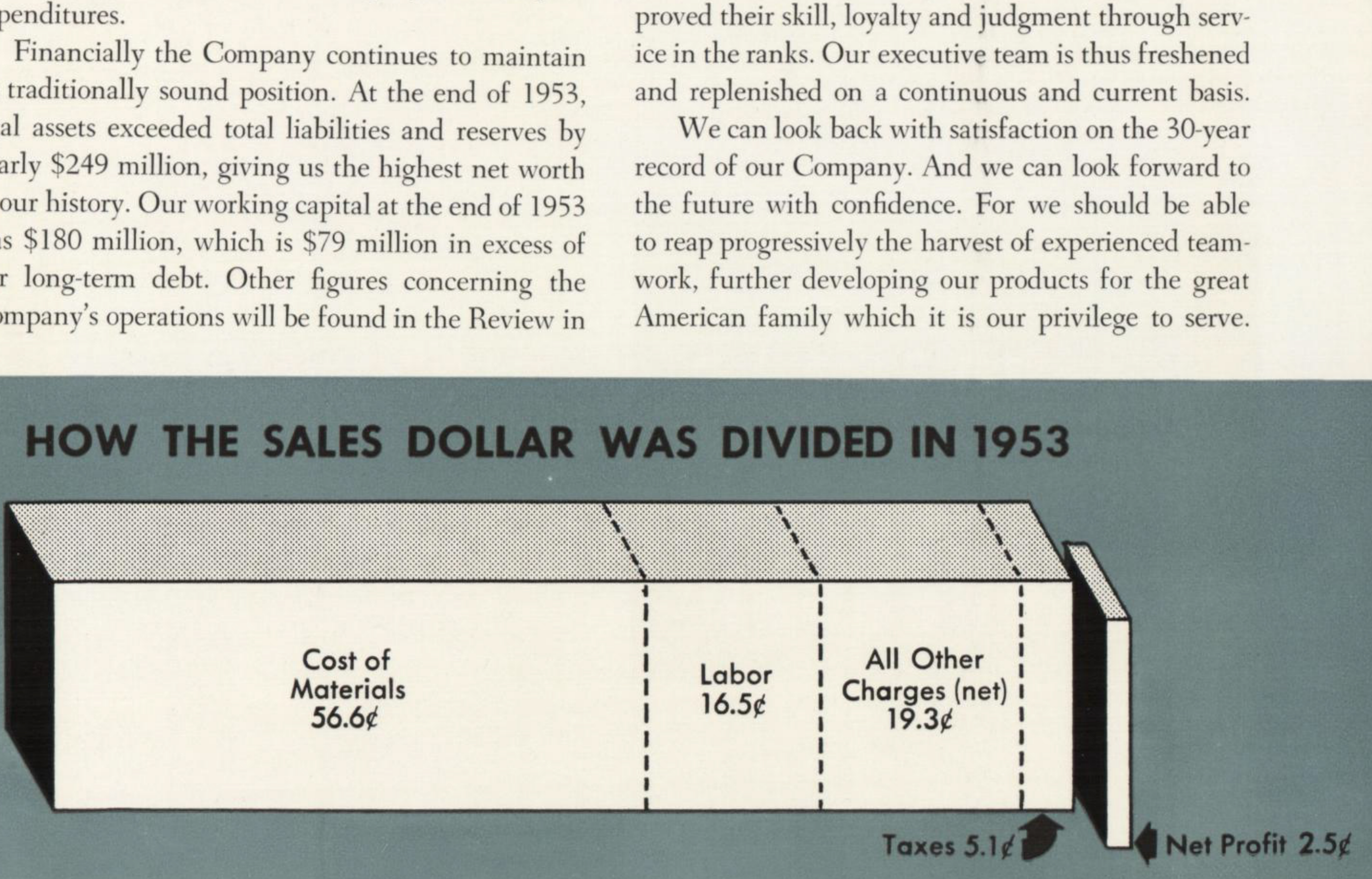
These facilities will contribute to more economical operation and enable us to meet the greater demand for our products in these areas. During 1954 we estimate we will spend approximately $36 million for new and improved plants and replacements, the largest sum ever set aside in a single year for capital expenditures.

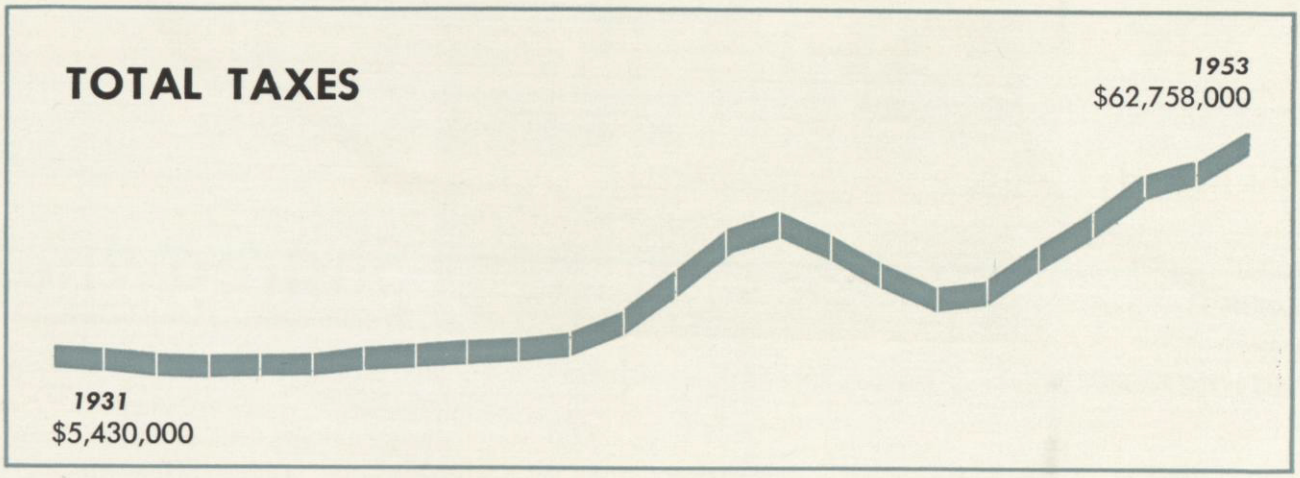
Financially the Company continues to maintain its traditionally sound position. At the end of 1953, total assets exceeded total liabilities and reserves by nearly $249 million, giving us the highest net worth in our history. Our working capital at the end of 1953 was $180 million, which is $79 million in excess of our long-term debt. Other figures concerning the Company's operations will be found in the Review in Brief at the beginning of this Report, and in the full financial statements on pages 16 to 21.

Additional progress was made in 1953 in our management development activities, which are designed to help us insure a competent executive structure for today and tomorrow. More than 375 men and women were promoted during the year to positions of greater responsibility. Among these were some 170 who were moved up for the first time into key positions. We thus provide for a continuity of succession by able, experienced leaders who have proved their skill, loyalty and judgment through service in the ranks. Our executive team is thus freshened and replenished on a continuous and current basis.

We can look back with satisfaction on the 30-year record of our Company. And we can look forward to the future with confidence. For we should be able to reap progressively the harvest of experienced teamwork, further developing our products for the great American family which it is our privilege to serve.

HOW THE SALES DOLLAR WAS DIVIDED IN 1953





Lower Government price supports should normally result in reduced consumer prices. Lower consumer prices should stimulate increased purchases. This combination in the long run should be good for the continued progress of our Company. Expiration of the excess profits tax at the beginning of this year should also help.

On the governmental scene, it is encouraging to note the proposed legislation to relieve double taxation, whereby Federal taxes are levied on corporate profits and again on the stockholders' dividends. We express once more the hope that our shareowners will urge their Congressional representatives to support legislative action to correct this unfair situation.

As we go forward in our 31st year, we thank our stockholders, our customers, our suppliers and all the men and women of National Dairy for their support which has meant so much to the progress of our Company.

By order of the Board of Directors.

RaVan Bomel   EEStewart

Chairman of the Board   *President*

New York, N. Y.
March 4, 1954.

THIRTY-YEAR MILESTONES

1923 • National Dairy founded through merger of Rieck-McJunkin Dairy Co. of Pittsburgh, and Hydrox Corp. of Chicago, with Edward E. Rieck, Chairman of the Board, and Thos. H. McInnerney, President.

1924 • Our first Annual Report shows sales of $13,568,669 and net profit of $1,640,344, based largely on two products, milk and ice cream.

1925 • Sheffield Farms Co. of New York and Supplee-Wills-Jones Milk Co. of Philadelphia, join National Dairy.

1926 • Breyer Ice Cream Co. of Philadelphia, acquired. We also enter milk and ice cream distribution in Missouri, Tennessee, Nebraska and Wisconsin.

1927 • First company-wide research laboratories established at Baltimore, under direction of noted scientist, Prof. E. V. McCollum, of Johns Hopkins University.

1928 • Distribution extended into Northeast with General Ice Cream Corp. We enter soft cheese and sour cream market with Breakstone Bros., Inc. of New York.

1929 • We start to serve key areas in Ohio, Michigan and the District of Columbia, and go into specialty meats field with Deerfoot Farms Co. of Southboro, Mass.

1930 • Kraft Foods Co. joins National Dairy. We enter the great milk and ice cream markets of the South with Southern Dairies, Inc., and expand our butter distribution with Sugar Creek Creamery Co., of Danville, Ill.

1931 • We move into new field of animal and poultry feeds with Consolidated Products Co. of Danville, Ill.

1935 • Sealtest established as one of Company's leading trademarks.

1941 • L. A. Van Bomel becomes President, and Thos. H. McInnerney, Chairman of the Board. Sheffield celebrates its 100th anniversary; Breyer, its 75th.

1942 • Our total annual sales exceed half billion dollars for first time.

1947 • Deerfoot marks its 100th year of operation.

1948 • National Dairy's 25th Anniversary year shows sales of $986,404,000 and earnings of $25,358,000.

1949 • Kraft opens its central laboratories at Glenview, Ill.

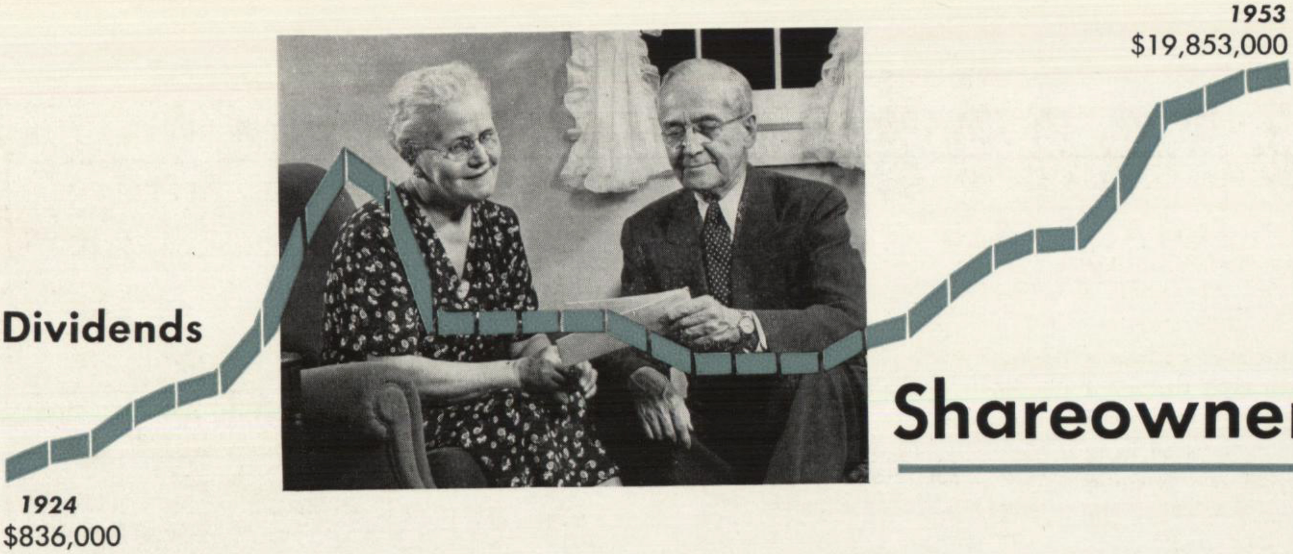
1950 • We dedicate our new research laboratories at Oakdale, Long Island.

1951 • Annual sales pass billion dollar mark.

1952 • L. A. Van Bomel becomes Chairman of the Board, and E. E. Stewart, President of National Dairy. Thos. H. McInnerney, former Chairman Emeritus and founder of National Dairy, passes away at 85. We enter the vegetable oil industry with The Humko Co. of Memphis.

1953 • Total sales at new peak; earnings up 11 per cent over 1952. In 30 years, our sales have increased nearly a hundred times, and earnings over twenty-two and one-half times. 50th anniversary of our Kraft company is saddened by death of its founder, J. L. Kraft. Supplee-Wills-Jones, our Sealtest division in Philadelphia, prepares for its 150th anniversary celebration in 1954.

Note: Trend graphs at the tops of pp. 5, 6, 10, 12 and 15 are for 30 years, excepting where comparative figures are unavailable. In these cases, graphs start with earliest available figures.



Shareowners

Our 30th anniversary in December, 1953, marked the payment of National Dairy's 120th consecutive quarterly dividend. A total of $19,853,336 was paid to shareowners in dividends during 1953, at the annual rate of $3.00 per share.

Since our founding, we have paid the owners of our common stock a total of $271,648,978 in cash dividends, or 57 per cent of available earnings. In the last eight years, we have paid out 54 per cent of earnings in dividends, as compared with a dividend ratio of about 41 per cent for all industry.

After payment of dividends, there remained $10,984,000 in 1953 earnings to reinvest in the business. The year's earnings were the equivalent of $4.63 per share, and taxes were $9.42 per share.

Among the 485 non-profit organizations which have invested in the stock of our Company are 89 colleges, universities and other educational institutions; 111 churches and religious orders; 48 charitable agencies; 37 hospitals; 72 societies and associations; 85 homes and other types of shelters, and 43 foundations. This is an increase of 23 institutional holders during the last year. In addition, we number 84 insurance companies among our stockholders.

In 1953, postmen in communities in every state carried to homes and offices a total of more than 250,000 dividend checks to the teachers, doctors, clerks, businessmen, factory workers, housewives and other men and women who hold National Dairy stock.

About 65 per cent of our outstanding shares is owned by individual investors in this country and abroad. Approximately 35 per cent is held by American insurance companies, educational institutions, investment houses, banks and trust funds—many of which are owned by thousands of other individual investors throughout the country.

Together, our 62,318 stockholders own 6,659,683 shares of common stock. The average holding is slightly over 100 shares and no individual stockholder owns as much as two per cent of the total number of shares.

In 1953, we conducted an intensive search for 655 "lost" stockholders to whom $30,402 in unclaimed dividends were due. At the year-end, we had located 285 of these stockholders and paid them $14,436 in back dividends.

In still another effort to communicate with all shareowners, we have arranged with a large number of brokerage houses and banks to transmit our stockholder publications to beneficial owners of our stock who otherwise would not receive them.

Mrs. Russell Jacques of Webster Groves, Mo., one of our "lost-and-found" stockholders, shown with her husband as she received an unexpected National Dairy check for unclaimed dividends totaling $446.

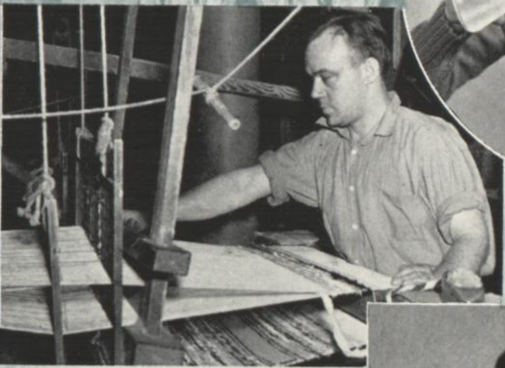
Our Institutional Holders

In addition to our individual stockholders, many thousands of other people benefit from the dividends we pay to agencies which maintain educational and health services through the income from investment. 485 institutions now own National Dairy stock, as well as 84 insurance companies. Benefits from our business thus touch many lives, such as . . .

. . . a child in a hospital in Tucson

. . . a pensioner in a church home in Providence

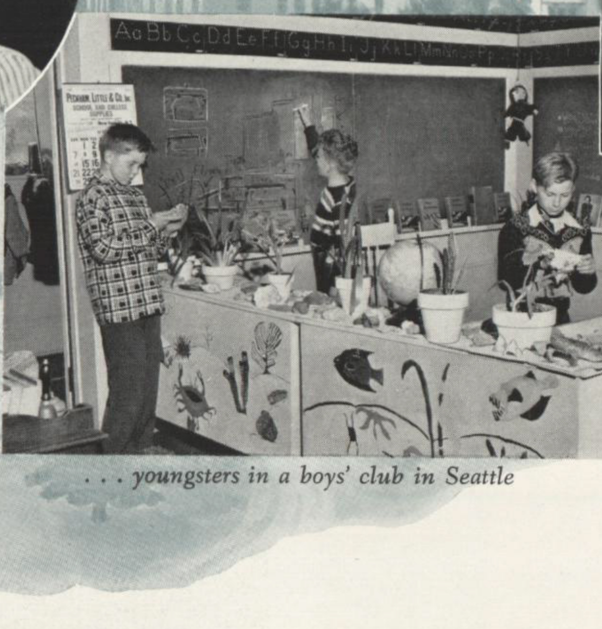
. . . a student in a college in Cleveland



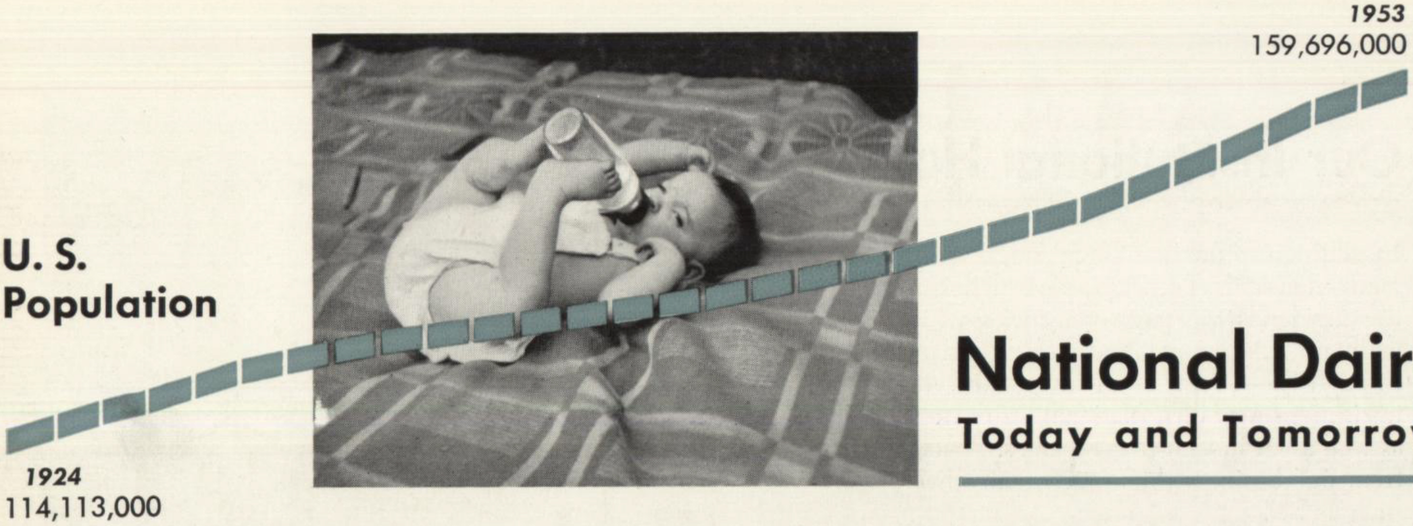
. . . a weaver in an Atlanta workshop-for-the-blind

. . . a girl in a Baltimore nursing school

. . . a young woman in a public library in Kansas



. . . youngsters in a boys' club in Seattle

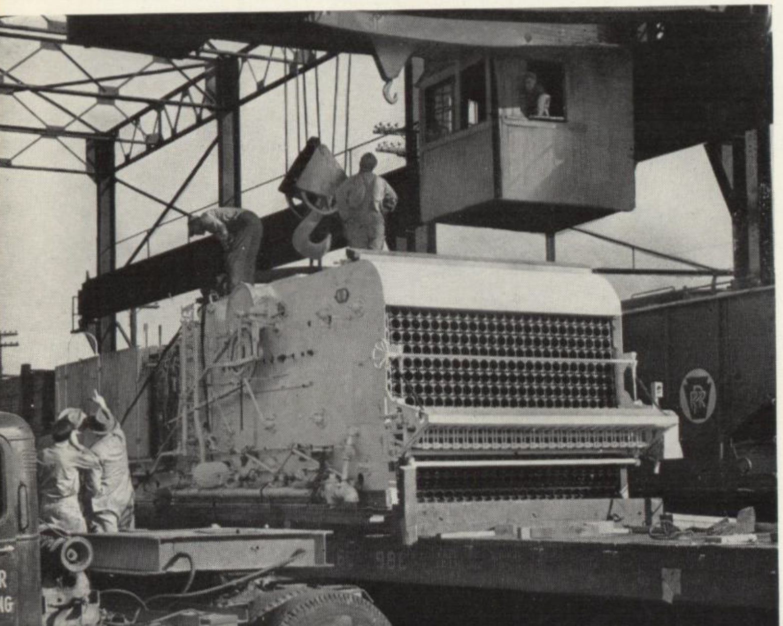


National Dairy
Today and Tomorrow

National Dairy's story is the story of men, machines and methods . . . skilled men; better machines; improved methods. It is a continued story, repeated over and over each day as we help to furnish the American consumer with the dairy products that form over one-quarter of his food supply. Yet we affect his life and that of his neighbors in many other ways.

In the closely woven tapestry of the nation's industrial and economic life, dairying has always traced a vitally important design. This bottle of milk . . . that container of ice cream . . . that package of cheese help move assembly lines in Detroit, spindles in New England and the South, and locomotives on the railroads. They also help to fire the furnaces in glass, aluminum and steel mills; to turn the wheels in oil refineries and paper mills; to speed the turbines in the power plants.

One of the largest milk bottle washing machines in existence is unloaded in Philadelphia for our Supplee-Wills-Jones Co. This machine washes 250 bottles per minute with pressure sprays. In 1954, Supplee, oldest milk company in the United States, celebrates its 150th anniversary.

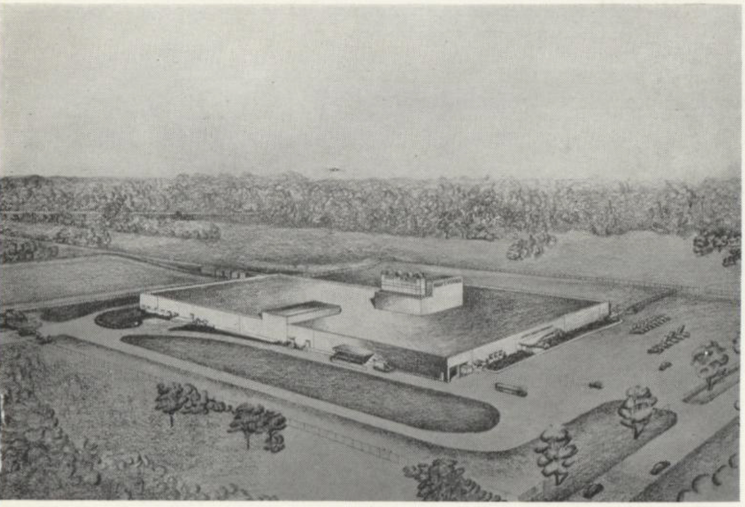


Nearly one and one-half million men are directly engaged in milk production on American farms, and another quarter-million in bottling milk and making it into butter, cheese and ice cream. Other thousands of warehouse workers, train and ship crews, store clerks, deliverymen, and food service employees get these products to the American family.

In the communities we serve, National Dairy is a leading buyer of machinery, automobiles, tires, gasoline, sugar, fruits, bottles, cartons, power, light, heat, and other services and supplies. In addition to $53,216,000 in Federal and Canadian Dominion taxes, we paid $9,542,000 in State, local, and other Canadian taxes in 1953. Thus, in doing business, we help increase purchasing power and support essential public services.

Our operating executives are residents and homeowners of long standing in their communities, and our companies have extended records of service. For example, the Rieck-McJunkin Dairy Company, of Pittsburgh, and the Hydrox Corporation, of Chicago—the two companies united in 1923 to create National Dairy—were themselves founded in 1872 and 1914 respectively.

These are but a few illustrations of National Dairy's many-faceted story. It is a story always climaxed with the individual consumer—the mother with the glass of milk for her child . . . the boy with the ice cream cone . . . the workman with the cheese sandwich . . . the hostess with the party salad . . . the 'teen-agers at the corner soda fountain.



Architect's drawing of our new Kraft plant nearing completion at Springfield, Mo. Serving seven Southwestern states, it will process 600,000 pounds of milk a day into varied cheeses.

Sealtest Sealtest

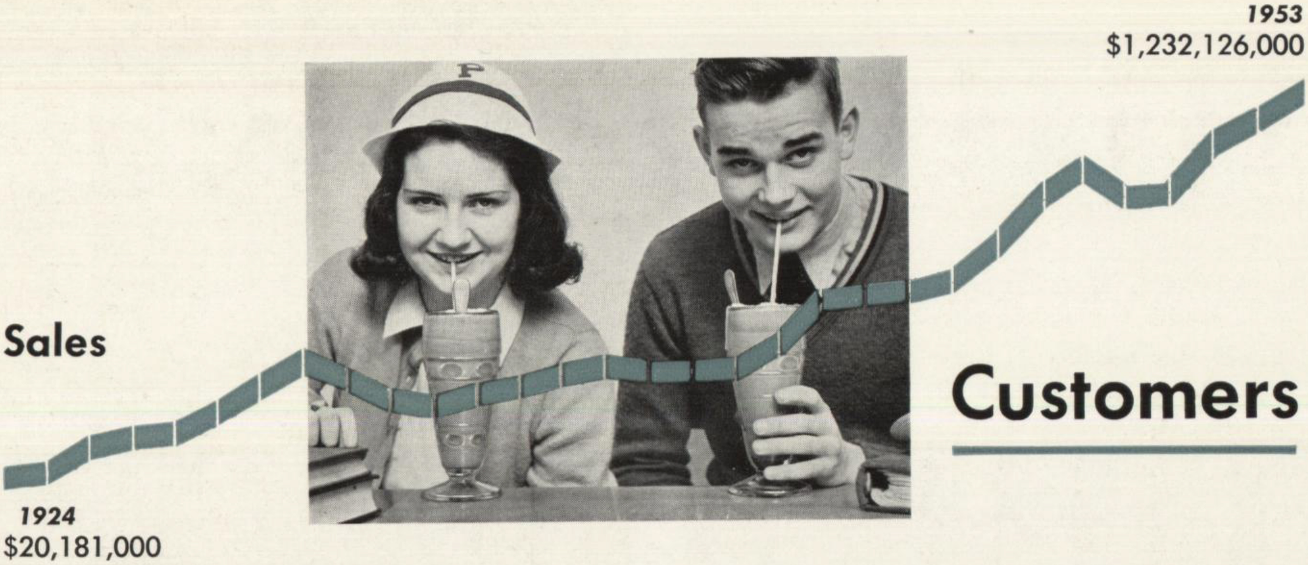
This new building in Charlotte, N. C., houses the headquarters and one of the main plants of Southern Dairies, our Sealtest company covering the South. It was occupied in 1953.

John Mohalko, 20-year employee of our Hydrox Corporation in Chicago, operates a machine which fills and closes 80 pints of ice cream a minute. Hydrox is one of our founding companies.

OUR ACCIDENT FREQUENCY RATE IS: 14.8
DEPARTMENTAL STANDINGS
LE POURCENTAGE DE LA FRÉQUENCE DES ACCIDENTS
CLASSIFICATION DEPARTEMENTALE
CHEESE FILLING 14,752

At our Outremont, Que. plant, representatives of the Cheese Filling Department receive word they have won first place in new inter-departmental safety contest.

Typical scene in one of our Sealtest product control laboratories, where the purity, content and taste of products are tested as they are processed.

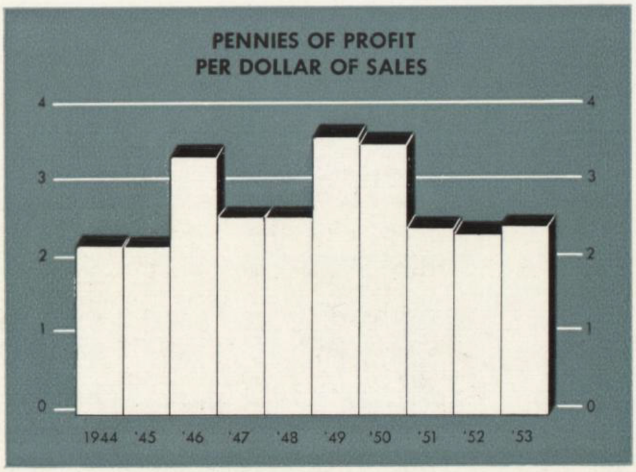


Customers

A growing company in a growing country; briefly stated that is the history of our first thirty years, and the promising prospect of our future. From a modest beginning with two main products in two markets, we now sell hundreds of products in the populous American and Canadian markets, with nearly 175,000,000 potential customers.

Last year millions of consumers bought $1,232,126,000 worth of our products. That is the best evidence of the popular place Sealtest, Kraft, Breyer, Breakstone and our other brands of foods have come to occupy on the American and Canadian family table.

This growth has come about in two ways. First, because of the increase in the variety and market availability of the products we have to offer the public. Second, because the great development of the country itself has vastly increased the demand for all of the good things we have to sell.



Thirty years ago, ours was a country of 112 million people, who spent approximately 16 billion dollars a year for food. During our first twenty years the nation grew to 136 million people, with a yearly food budget of nearly 30 billion dollars. Today, as we mark our thirtieth anniversary, National Dairy is helping to serve a country of 160 million people who are purchasing food at the rate of approximately 67 billion dollars a year. American consumers now are spending 27 per cent of their disposable income on food. Moreover, the number of families is steadily increasing.

In 1953, more people had jobs than ever before, and personal income as a whole stood at an all-time peak. Individual use of dairy products has risen steadily. Americans are eating, per person, twice the amount of ice cream and 40 per cent more cheese, and drinking seven per cent more milk than in the prewar years.

However, food habits and demands change, and competition is ever more intense for the customer's favor. To keep pace with our increasing opportunities, we as a company have had to grow—as a young man or woman grows—in experience, skills and capacity to meet increased responsibilities.

It is on these attributes—experience, management ability, and a firm policy of considering the customer first—that we base our conviction that National Dairy will continue to grow with the country and grow in the favor of the American and Canadian consumer. We have prospered by serving well; we intend to go on that way.

Authorities say that in another 20 years the population of the United States may well exceed 200 million. The number of babies being born is currently adding more than 2 million to the population annually. Moreover, medical science and better nutrition are steadily extending the length of human life.

A population of 200 million by the early 1970s will mean a fifth place will have to be set at the table for every four there now. At current rates of production and consumption, nearly six million more cows will be needed on the farms to meet the demand for dairy products.

To maintain and extend its service to this growing market, National Dairy's line of quality products is steadily being improved in variety, appearance, taste appeal and convenience to the customer. We seek constantly to bring every element in the selling process to peak efficiency. Our salesmen are alert and aggressive; packaging attractive and convenient; advertising and publicity imaginative and compelling. Useful recipes and menus are widely disseminated as one more step toward our common objective of service to the consumer. We now operate three network television programs, adding to the coverage by national and local magazines, newspapers and radio that combine to bring the story of our products regularly to the American food buyer. In 1953, further progress was made in selling products especially packed for use by institutions which feed 63,000,000 people daily.

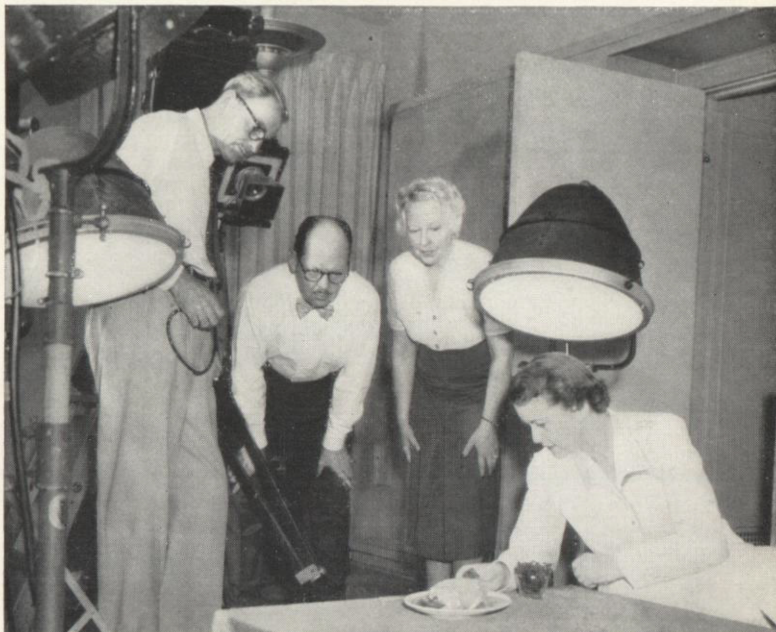
For our market today is everywhere—in the home, club, ship, airplane; in the restaurant and at the soda fountain; on farms and in industrial plants; in the cafeteria and in the kitchenette. It is limited only by the number and the wants of the people we serve, and by our continued ability to serve them fully and well.

HEAP BIG BARGAIN
Sealtest ICE CREAM
SELF SERVICE
HEAP BIG HALF-GALLON

Scene in a typical supermarket, one of the great and growing outlets for our cheese, milk, ice cream, salad dressings and other products.

Behind the scenes at our Big Top television show, a home economist makes ready for the next Sealtest commercial. On the screen, viewers see only her hands as she prepares the dishes described.

Setting the stage for a dramatic color photograph to be used in a Kraft magazine advertisement. The "star" of the picture is a new salad created for the purpose in the Kraft kitchens.



1953
$203,724,000
Payroll
1931
$65,657,000

Employees

From a few hundred workers in two companies our family of employees has grown, in the three decades of the Company's existence, to 45,274 people who serve in hundreds of plants, sales branches and offices reaching from Vancouver to Key West, from Bangor to San Diego.

A girl tests a reagent in a chemical laboratory at Oakdale, L. I. . . . a loader at Miami's airport packs an ice cream cargo for a flight to Venezuela . . . a cheese expert in Wisconsin regulates the temperature in a vast storage room . . . an engineer in Missouri studies blueprints of a new plant . . . a woman instems strawberries on a packing line in Tennessee . . . a milk plant worker in Omaha sterilizes a huge, stainless steel tank . . . a girl in Kansas City deftly runs a machine packaging cottage cheese . . . a technician in a Memphis refinery analyzes a sample of vegetable oil . . . and through the night a trucker rolls down Highway 1 with a load of cream cheese for our salesmen in Baltimore.

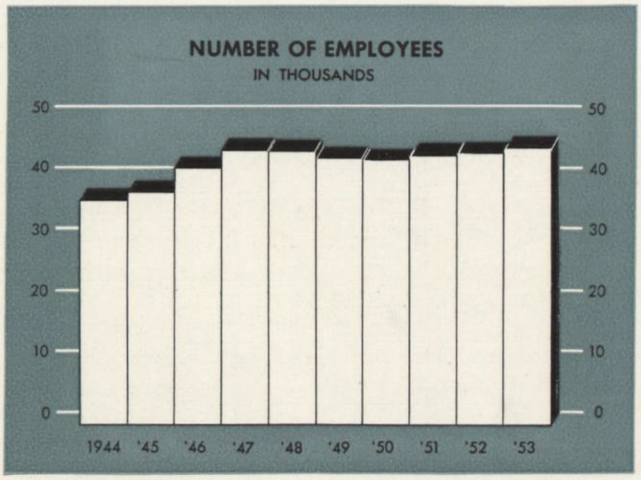
These and dozens of other varied tasks are performed daily by the men and women of National Dairy. They know that, in helping feed the nation, they are doing an important work. They carry out their jobs in safe, pleasant and friendly surroundings. Their equipment is modern and efficient. They are trained on the job, and their progress is rewarded with opportunities for promotion.

In 1953, our payroll reached its highest level, at $203,724,000. This is second only in our costs to the amount paid farmers and other suppliers.

A total of 33,016 workers now subscribe to our group life, accident and sickness insurance programs. They obtain this insurance at low rates, and we pay part of the costs. In 1953, our employees carried an aggregate of $148,414,000 in term life insurance and $1,229,000 of weekly coverage for accident and sickness insurance under these programs. Since they began in 1930, about $16,709,000 has been paid out to employees and their families for accidents, illness and death.

A total of $13,752,000 was added to our employment costs during the year through benefit payments for our workers, including our pension plans and insurance programs as well as social security and workmen's compensation insurance.

Our 1953 safety record is the best we have ever attained. Our frequency rate for accidental employee injuries was 31 per cent lower than the 1953 national rate for the dairy industry as a whole; and the



View at our Newbern, Tenn. fruit plant, showing strawberries being sorted. We also process peaches, pineapples, coconuts, bananas and citrus fruits for use in ice cream.

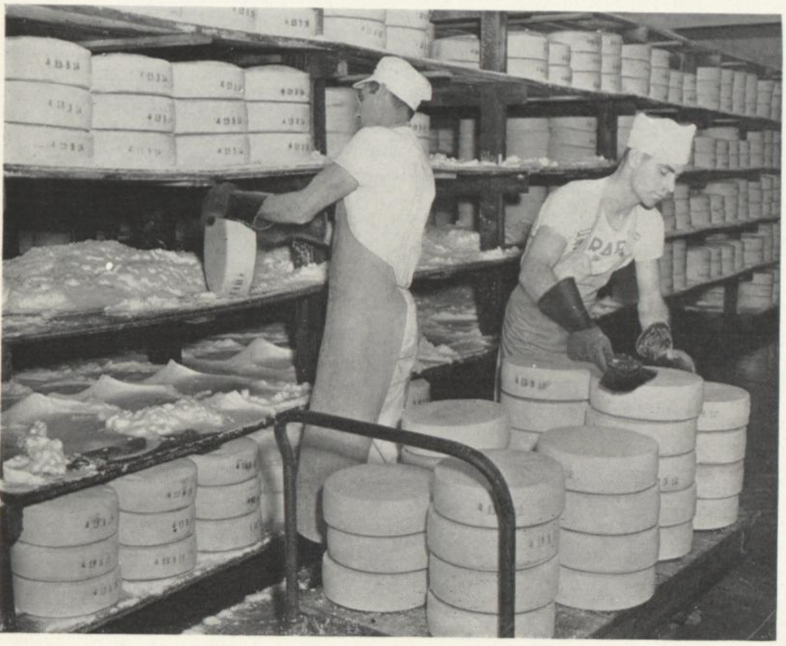
Peach line at our Lexington, N. C. plant. Operated by our Breyer company, six fruit plants in Tennessee, Florida and North Carolina, employ 750 men and women.

frequency rate for traffic accidents was 38 per cent lower. Since our safety program started 23 years ago, our employee-injury frequency rates have decreased by 59 per cent, and traffic frequency rates by 62 per cent.

The caliber of the men and women who make our products, staff our offices and serve our customers is vital to our progress. We take pride in the skill of our workers, and in their teamwork, from management to the production line.

Some measure of their spirit and loyalty is revealed by the fact that more than one-third of our employees have been with us 10 years or longer. And many of those on our executive team today started with us in the early years, and remained to work up through the ranks.

Wheels of Parmesan cheese are taken from dry salt shelves at Kraft's Antigo, Wis. plant, to be trucked to another storage room for final curing.



Maintenance men, who keep plant equipment going, perform one of the most important jobs in our operations. Here one of them runs a drill press.

CALCO MACHINERY CO.
PHILADELPHIA
PENNA

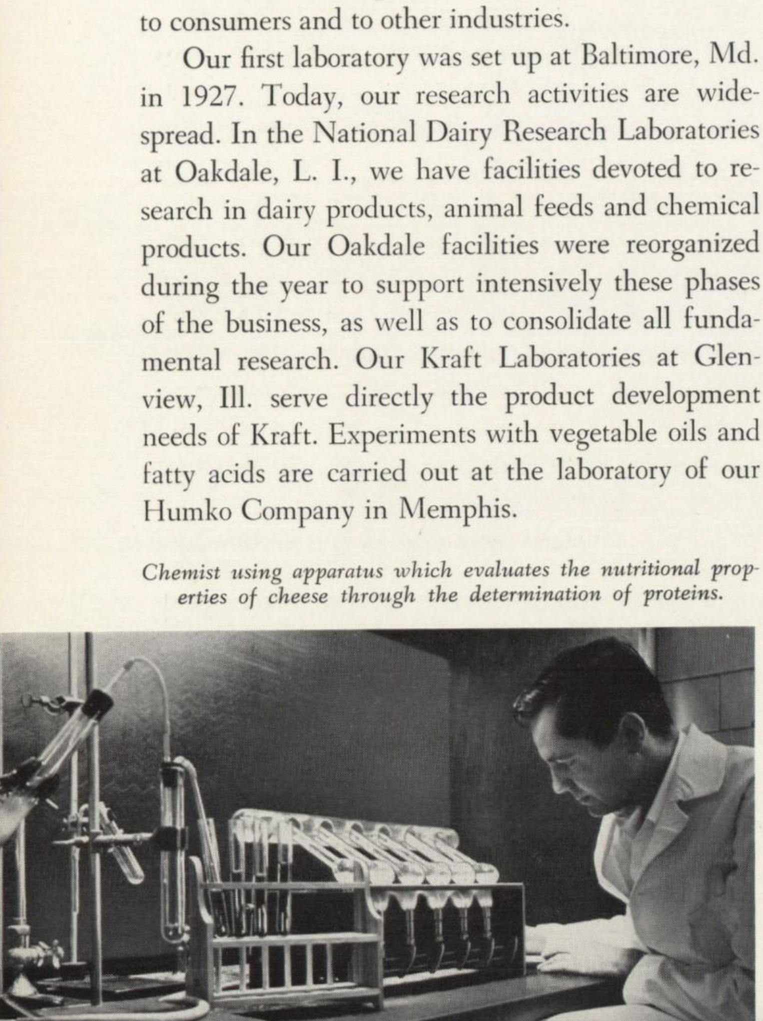
Research and Product Development

In research, our aims are the improvement of products and processes. To this end we have worked from the beginning to tie together laboratory results and field practice. Food scientists, production men and technical specialists join to exchange findings on product development and plant techniques among our operating companies.

Our ceaseless search for something new and better at lower cost has contributed materially, in the last three decades, to the dramatic advances in public health, sanitation and nutrition. Research begun years ago is in large measure responsible for the hundreds of varied products we now make and sell to consumers and to other industries.

Our first laboratory was set up at Baltimore, Md. in 1927. Today, our research activities are widespread. In the National Dairy Research Laboratories at Oakdale, L. I., we have facilities devoted to research in dairy products, animal feeds and chemical products. Our Oakdale facilities were reorganized during the year to support intensively these phases of the business, as well as to consolidate all fundamental research. Our Kraft Laboratories at Glenview, Ill. serve directly the product development needs of Kraft. Experiments with vegetable oils and fatty acids are carried out at the laboratory of our Humko Company in Memphis.

Chemist using apparatus which evaluates the nutritional properties of cheese through the determination of proteins.



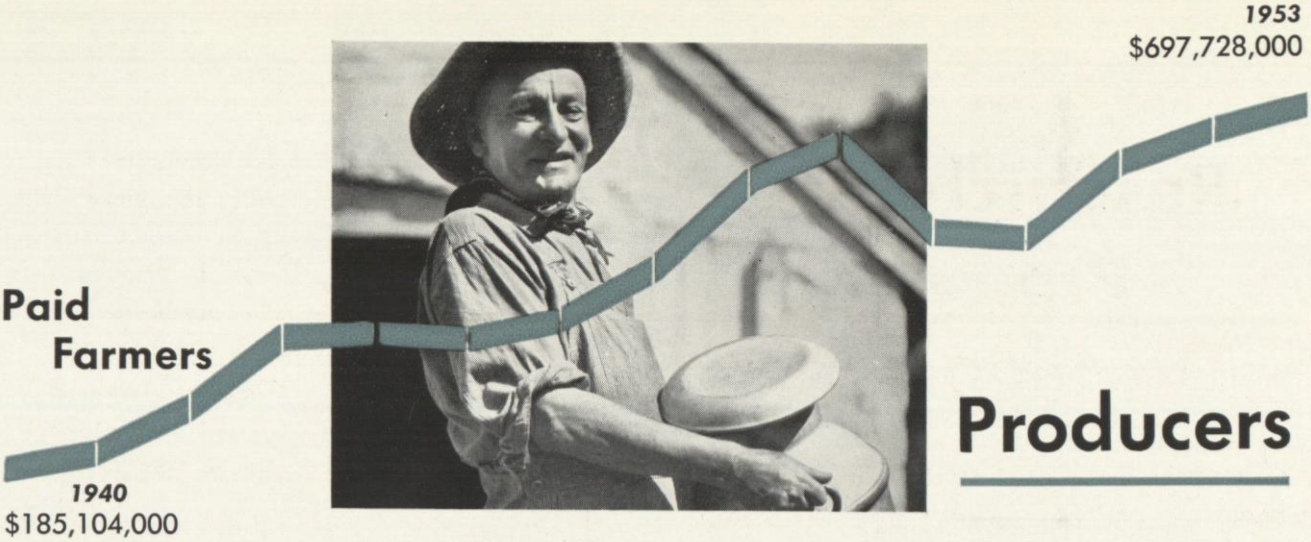
From the laboratories in recent times have come such developments as Cheez Whiz, the outstanding new Kraft product, and our new Parkay, which "spreads when ice cold." Through practical applications of technical knowledge, our Sealtest companies frequently develop new flavors and types of ice cream and cottage cheese products. The first of a series of new frozen meat items has been introduced in Eastern markets as the result of experiments at the Southboro, Mass. plant of our Deerfoot Farms Company.

Research is a continuing, long-range effort which reaches from laboratory to production line. Yet within the 30-year span of our Company, its practical application has effected many improvements in the handling, appearance, taste and packaging of our products. We have contributed greatly, through constant experiment and practice, to the historic advances in pasteurization, homogenization and refrigeration. Among noteworthy examples of our practical application of scientific methods are the many improvements in packaging which make it possible to ship and display perishable products safely and for much longer periods of time.

Kraft has long pioneered in applied research, beginning with the successful blending of pasteurized cheese in 1915. Kraft also was first to sell cheese in sealed, airtight containers. Its processing and packaging improvements range from the five-pound cheese loaf to the small rectangles of Philadelphia cream cheese; from rindless cheese in blocks to mayonnaise and salad dressings; from malted milk to caramels.

We also have a line of industrial products made for the use of other food manufacturers, such as bakers, soup makers and confectioners. At its field laboratory and two experimental farms, our Consolidated Products Company of Danville, Ill., has developed a fine line of animal and poultry feeds made from milk by-products. Our Sheffield Chemical Company at Norwich, N. Y., makes 30 products derived from milk for the use of pharmaceutical, chemical, food and other industries.

Producers



Nearly every one of the many products National Dairy sells has its origin on the farm or in the orchard. By enlarging the market for milk through the years, we have taken a leading part in increasing the farmer's revenue.

In addition to milk, we at National Dairy look to American farmers for large supplies of fruits, nuts, spices, oils, eggs and many other products.

The dairy industry as a whole provides farmers with their largest single source of cash income. It accounts for more than either grains, cattle or hogs, and nearly twice the income from poultry and eggs. Commencing with 1940, National Dairy alone has paid out to the country's farmers nearly 6 and one-half billion dollars. Last year the figure was at an all-time high of approximately 7 hundred million dollars.

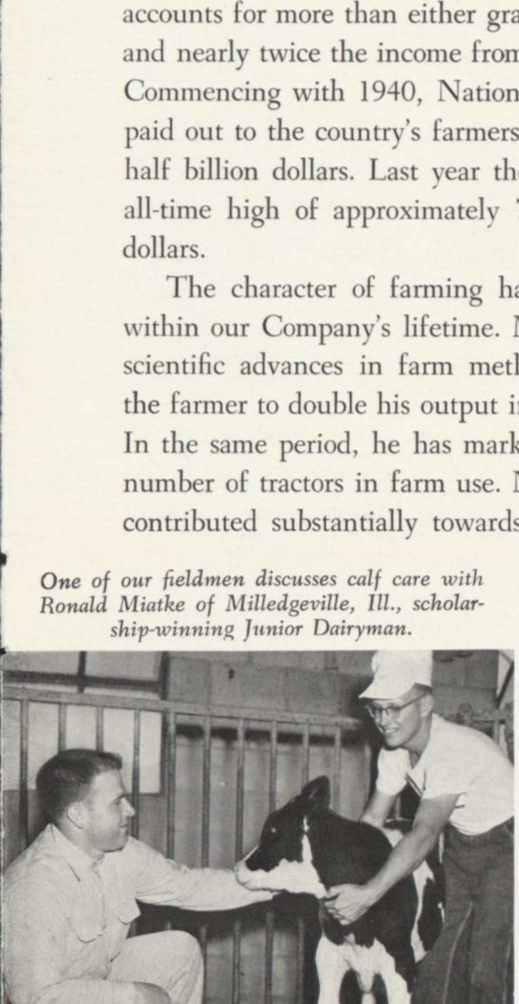
The character of farming has changed greatly within our Company's lifetime. Mechanization and scientific advances in farm methods have enabled the farmer to double his output in the last 30 years. In the same period, he has markedly increased the number of tractors in farm use. National Dairy has contributed substantially towards the improvement of the dairy farmer's position in the advance of American agriculture.

Together we have been working for many years to assure a steady supply of high quality milk, to improve the efficiency of milk production, and to help capable young men and women become proficient farmers. As part of this program, our staff of trained field men cooperates closely with county agents, agricultural schools and individual farmers.

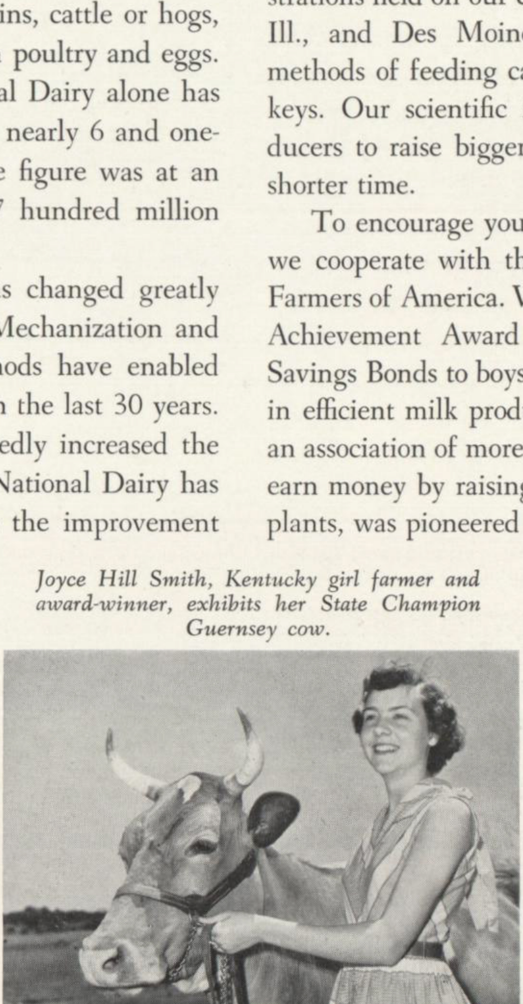
Each year hundreds of farmers attend the demonstrations held on our experimental farms at Danville, Ill., and Des Moines, Iowa, to study advanced methods of feeding calves, swine, chickens and turkeys. Our scientific feed supplements enable producers to raise bigger farm animals and poultry in shorter time.

To encourage young people to stay on the farm, we cooperate with the 4-H Clubs and the Future Farmers of America. We also present National Dairy Achievement Award plaques, money and U. S. Savings Bonds to boys and girls for accomplishments in efficient milk production. The Junior Dairymen, an association of more than 1,000 boys and girls who earn money by raising cows and selling milk to our plants, was pioneered by our Kraft Foods Company.

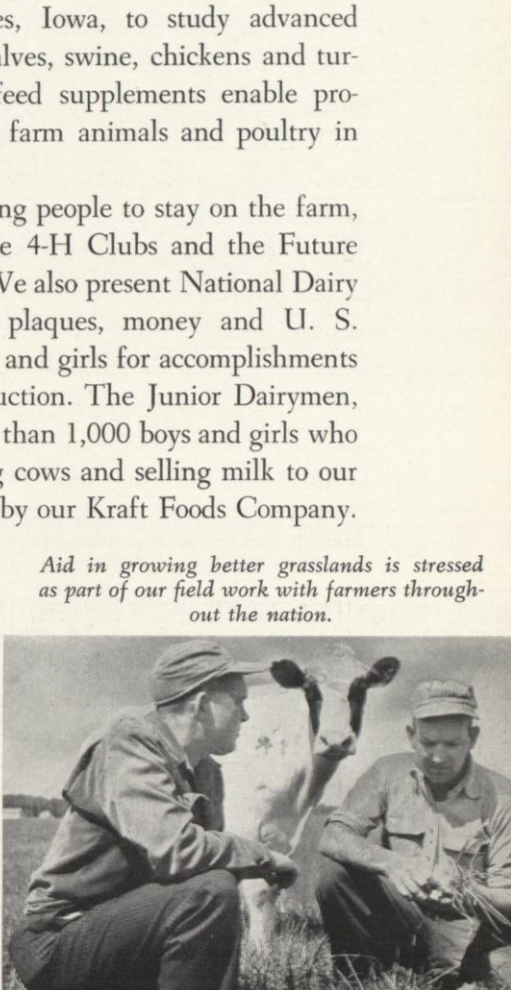
One of our fieldmen discusses calf care with Ronald Miatke of Milledgeville, Ill., scholarship-winning Junior Dairyman.



Joyce Hill Smith, Kentucky girl farmer and award-winner, exhibits her State Champion Guernsey cow.



Aid in growing better grasslands is stressed as part of our field work with farmers throughout the nation.



NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheets

ASSETS

	December 31 1953	1952
CURRENT ASSETS:		
Cash	$ 60,529,028	$ 39,036,995
U. S. Government and other short-term securities, at cost	22,069,362	491,202
Notes and accounts receivable, less reserve	50,732,709	50,534,113
Inventories, lower of average cost or market—		
Products and materials	93,861,756	123,156,456
Supplies	13,443,691	13,708,459
Total Current Assets	$240,636,546	$226,927,225
INVESTMENTS AND OTHER ASSETS:		
Foreign subsidiaries—		
Australian and English	$ 3,955,620	$ 4,122,386
German	1	1
	$ 3,955,621	$ 4,122,387
Less—Reserve for investments	3,000,825	3,171,935
	$ 954,796	$ 950,452
Domestic subsidiaries not consolidated	7,472	7,472
Miscellaneous investments, deposits and receivables, less reserves	2,956,268	2,779,515
	$ 3,918,536	$ 3,737,439
PROPERTY, PLANT & EQUIPMENT (Stated substantially at cost):		
Land	$ 13,523,061	$ 13,324,483
Buildings, machinery and equipment	305,670,222	289,937,787
	$319,193,283	$303,262,270
Less—Reserve for depreciation	142,809,683	128,734,230
	$176,383,600	$174,528,040
PREPAID AND DEFERRED ITEMS	$ 4,027,943	$ 4,002,507
GOODWILL	$ 1	$ 1
	$424,966,626	$409,195,212

(See Notes to Consolidated Financial Statements, page 19.)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheets

LIABILITIES

	December 31 1953	1952
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 58,281,355	$ 54,401,982
Provision for Federal taxes on income	49,113,000	41,850,000
Less—Short-term U. S. Government securities	(49,113,000)	(41,850,000)
Provision for Canadian taxes on income	615,671	927,000
Debenture sinking fund requirements and Note due within one year, less Debentures ($1,035,000) held in treasury in 1953	1,415,000	1,850,000
Total Current Liabilities	$ 60,312,026	$ 57,178,982
LONG-TERM DEBT:		
2¾% Debentures due 1970 (Minimum annual sinking fund requirements: 1955—$1,000,000 principal amount; 1956-1969—$1,500,000)	$ 43,000,000	$ 44,000,000
3% Debentures due 1970 (Minimum annual sinking fund requirements: 1955-1959—$900,000 principal amount; 1960-1969—$1,200,000)	27,000,000	27,600,000
3⅛% Debentures due 1976 (Minimum annual sinking fund requirements: 1955-1964—$600,000 principal amount; 1965-1975—$900,000)	29,400,000	30,000,000
3⅛% Notes (Due serially in Canadian funds $250,000 on December 1, each year 1955-1962)	2,000,000	2,250,000
	$101,400,000	$103,850,000
MINORITY INTEREST IN SUBSIDIARIES	$ 332,166	$ 333,045
RESERVES:		
Prior years' Federal and state taxes	$ 11,859,059	$ 10,702,896
Insurance and other	2,206,493	2,126,249
	$ 14,065,552	$ 12,829,145
CAPITAL STOCK AND SURPLUS:		
Common stock, authorized 8,000,000 shares— Issued and outstanding (1953—6,659,683 shares, par value $10 per share; 1952—6,576,723 shares, without par value)	$ 66,596,830	$ 64,316,601
Capital surplus, per statement attached	1,608,193	None
Earned surplus, per statement attached	180,651,859	170,687,439
	$248,856,882	$235,004,040
	$424,966,626	$409,195,212

(See Notes to Consolidated Financial Statements, page 19.)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Statements of Consolidated Profit and Loss and Surplus

CONSOLIDATED PROFIT AND LOSS

	Year Ended December 31 1953	1952
INCOME:		
Net sales	$1,232,125,776	$1,141,295,700
Other income	4,581,995	4,190,996
Total	$1,236,707,771	$1,145,486,696
INCOME DEDUCTIONS:		
Cost of products	$ 912,586,252	$ 852,987,306
Delivery expense	126,711,369	117,786,878
Selling expense	76,245,186	67,841,294
General and administrative expense	36,318,092	31,870,432
Miscellaneous charges—net	410,781	718,862
Interest on long-term debt	3,073,922	3,133,339
Provision for Canadian taxes on income	1,412,000	1,499,333
Provision for Federal taxes on income (including $7,365,000 for excess profits taxes in 1953, and $5,175,000 in 1952)	49,113,000	41,850,000
Total	$1,205,870,602	$1,117,687,444
NET PROFIT FOR THE YEAR	$ 30,837,169	$ 27,799,252

The provision for depreciation charged to costs and expenses amounted in 1953 to $22,513,197 and in 1952 to $21,189,787.

CONSOLIDATED EARNED SURPLUS

	1953	1952
Balance at beginning of year	$ 170,687,439	$ 162,204,054
Net profit for the year	30,837,169	27,799,252
	$ 201,524,608	$ 190,003,306
Deduct:		
Dividends on common stock—$3.00 per share in each year	$ 19,853,336	$ 19,315,867
Transfer to common stock in connection with change on April 20, 1953, from shares without par value to $10 par value	1,019,413	None
	$ 20,872,749	$ 19,315,867
Balance at end of year	$ 180,651,859	$ 170,687,439

CONSOLIDATED CAPITAL SURPLUS

	1953	1952
Balance at beginning of year	$ None	$ None
Excess of consideration received over par value of shares issued since April 20, 1953	1,608,193	None
Balance at end of year	$ 1,608,193	$ None

(See Notes to Consolidated Financial Statements, page 19.)

COMPTROLLER'S CERTIFICATE

The foregoing financial statements have been prepared under my direction from the companies' books kept under my supervision and, to the best of my knowledge and belief, fairly state the consolidated position of National Dairy Products Corporation and domestic and Canadian subsidiaries as of December 31, 1953 and the consolidated operations for the year ended on that date.

A Boag Jr.

New York, N. Y., March 4, 1954.

Comptroller

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS . . . DECEMBER 31, 1953

PRINCIPLES OF CONSOLIDATION

All subsidiary companies have been included in consolidation except a mutual insurance company, three minor partially owned companies, and all foreign subsidiaries other than Canadian. Net sales of foreign subsidiaries (except German) excluded from consolidation aggregated $34,405,158 in 1953 and $31,426,543 in 1952. The Company's equity in the net profits of such subsidiaries was $1,746,826 in 1953 and $1,212,797 in 1952, stated at the rates of exchange prevailing at the end of such years, and equity in the net tangible assets amounted to $7,549,807 at December 31, 1953. Dividends of $654,903 in 1953 and $495,375 in 1952 received from such foreign subsidiaries were credited to profit and loss.

RESERVE FOR PRIOR YEARS' TAXES

A Tax Court opinion rendered January 25, 1954, from which it is the intention of the Company to appeal, would result in additional Federal income and excess profits tax liabilities to the Company and one of its subsidiaries affecting the years 1934 to 1953. The reserve for prior years' Federal and state taxes relates principally to this case and is considered adequate to cover the net cost of such additional tax liabilities.

EMPLOYEES' SHARE PURCHASE PLANS

Under the Employees' Stock Option Plan approved in 1952, 300,000 shares of the authorized and unissued common stock of the Company were reserved for sale to officers and other key employees. Options to purchase 113,440 shares at $51.95 per share and 73,140 shares at $57.60 per share were granted in 1952 and 1953, respectively, such prices being 95% of the market price of the common stock at the dates such options were granted. Options become exercisable in cumulative periodic instalments extending over the term of such options (generally ten years or to retirement date), commencing not earlier than one year from the date of grant. As of December 31, 1953, options were outstanding with respect to 180,064 shares, of which 9,372 were exercisable.

Under the Employees' Share Purchase Plan approved in 1944, 44,099 shares of the authorized and unissued common stock of the Company remained reserved at December 31, 1953, for sale to officers and other key employees at prices ranging from $21.75 to $45.55 per share, which were 105% of the market price at the dates such privileges were granted. Privileges to purchase such shares are exercisable on or before May 15, 1954, the date of termination of the Plan.

During 1953 purchase privileges and options became exercisable with respect to 49,393 shares having an aggregate purchase price of $1,776,666. There were 77,470 shares of common stock issued in 1953 under the Plans and the proceeds therefrom amounting to $2,541,528 were credited to common stock and capital surplus accounts.

EARNED SURPLUS RESTRICTION

The Indenture and Supplemental Indentures under which the Debentures of the Company are outstanding contain certain provisions with respect to the payment of dividends on the common stock. Under these provisions approximately $76,600,000 of the consolidated earned surplus was not available for cash dividends at December 31, 1953.

PENSION PLANS

Charges to cost and expenses with respect to the contributory and non-contributory pension plans amounted to $4,045,000 and $2,265,000 in 1953 and 1952 respectively, including payments for past service benefits under the non-contributory plan. It is impractical to segregate past service payments under the non-contributory plan. The past service cost under the contributory plan was funded in prior years; it is the intention to fund the past service cost of the non-contributory plan in instalments to January 1, 1981. The unfunded past service cost at December 31, 1953 for the employees presently covered by the non-contributory plan is estimated at $15,900,000, and if all eligible employees become participants in this plan, such unfunded cost is estimated at $24,700,000.

INCENTIVE COMPENSATION PLANS

Under the incentive compensation plans of the subsidiaries, officers and employees were paid approximately $2,400,000 for 1953 and $1,799,500 for 1952. These plans covered in 1953 a total of 1,135 key employees, none of whom received as much as 2% of the total. No officer or employee of the parent company participated in these plans.

AUDITORS' CERTIFICATE

To the Board of Directors and Stockholders of National Dairy Products Corporation:

We have examined the consolidated balance sheet of National Dairy Products Corporation (a Delaware corporation) and domestic and Canadian subsidiary companies as of December 31, 1953, and the related statements of consolidated profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year 1952.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus present fairly the financial position of National Dairy Products Corporation and domestic and Canadian subsidiary companies consolidated as of December 31, 1953, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co

New York, N. Y., March 4, 1954.

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN* SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Assets and Liabilities

(All amounts are expressed in thousands)

	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
WORKING CAPITAL										
CURRENT ASSETS										
Cash and marketable securities	$ 82,598	$ 39,528	$ 42,156	$ 38,836	$ 53,593	$ 45,690	$ 30,614	$ 26,862	$ 56,295	$ 45,346
Notes and accounts receivable (net)	50,733	50,534	46,735	38,919	32,825	36,893	36,462	30,754	21,600	23,581
Inventories	107,306	136,865	122,750	94,434	80,124	89,712	86,168	86,766	46,463	44,872
Total Current Assets	$240,637	$226,927	$211,641	$172,189	$166,542	$172,295	$153,244	$144,382	$124,358	$113,799
CURRENT LIABILITIES										
Bank loans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,500	$ 0	$ 0	$ 0
Accounts payable and accruals	58,281	54,402	54,143	47,164	42,477	40,093	40,516	43,438	33,884	28,388
Provision for Federal income tax	49,113	41,850	39,150	30,600	22,150	16,200	15,000	20,500	28,425	33,080
Less—U. S. Government securities	(49,113)	(41,850)	(39,150)	(30,600)	(22,150)	0	0	(17,461)	(28,425)	(33,080)
Provision for Canadian income tax	616	927	329							
Debenture sinking fund requirements and Note due within one year, less debentures held in treasury	1,415	1,850	1,850	1,850	1,100	500	500	500	500	2,050
Total Current Liabilities	$ 60,312	$ 57,179	$ 56,322	$ 49,014	$ 43,577	$ 56,793	$ 63,516	$ 46,977	$ 34,384	$ 30,438
Working Capital	$180,325	$169,748	$155,319	$123,175	$122,965	$115,502	$ 89,728	$ 97,405	$ 89,974	$ 83,361
PROPERTY, PLANT AND EQUIPMENT (Net)	176,384	174,528	172,699	160,050	146,132	134,316	115,138	94,873	81,693	84,974
INVESTMENTS, OTHER ASSETS AND PREPAID ITEMS	7,946	7,740	6,188	11,202	10,929	11,031	8,561	8,482	7,999	9,240
Total	$364,655	$352,016	$334,206	$294,427	$280,026	$260,849	$213,427	$200,760	$179,666	$177,575
LONG-TERM DEBT	$101,400	$103,850	$105,700	$ 77,550	$ 79,400	$ 81,000	$ 48,500	$ 49,000	$ 49,500	$ 51,150
MINORITY INTEREST	332	333	339	337	327	319	340	337	303	345
RESERVES	14,066	12,829	11,503	11,145	10,691	25,001	24,238	23,165	16,998	17,617
Total	$115,798	$117,012	$117,542	$ 89,032	$ 90,418	$106,320	$ 73,078	$ 72,502	$ 66,801	$ 69,112
Book Value of Common Stock	$248,857	$235,004	$216,664	$205,395	$189,608	$154,529	$140,349	$128,258	$112,865	$108,463

NOTE: **Canadian subsidiaries included beginning in* 1951.

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN* SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Profit and Loss

(*All amounts are expressed in thousands, except per share and other statistics*)

	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
INCOME:										
Net sales	$1,232,126	$1,141,296	$1,066,177	$906,641	$897,675	$986,404	$897,324	$742,409	$632,769	$593,853
Other income	4,582	4,191	3,746	3,298	2,445	2,465	2,438	2,023	2,424	1,718
Total income	$1,236,708	$1,145,487	$1,069,923	$909,939	$900,120	$988,869	$899,762	$744,432	$635,193	$595,571
INCOME DEDUCTIONS:										
Cost of products	$ 912,586	$ 852,988	$ 793,857	$662,935	$668,051	$779,298	$708,069	$563,754	$476,066	$441,609
Delivery expense	126,712	117,787	108,083	97,340	95,187	94,001	87,526	75,217	63,704	58,466
Selling expense	76,245	67,841	64,183	53,343	48,945	46,549	40,908	32,104	26,801	24,175
General and administrative expense	36,318	31,871	33,617	29,953	28,729	26,373	23,464	20,794	18,750	18,893
Miscellaneous charges—net	411	719	1,001	903	1,568	(767)	278	236	5,664	4,311
Interest on long-term debt	3,074	3,133	2,788	2,200	2,231	1,857	1,358	1,383	1,669	1,799
Federal and Canadian income taxes	50,525	43,349	39,876	30,600	22,150	16,200	15,000	20,500	28,425	33,000
Total income deductions	$1,205,871	$1,117,688	$1,043,405	$877,274	$866,861	$963,511	$876,603	$713,988	$621,079	$582,253
Net profit for the year	$ 30,837	$ 27,799	$ 26,518	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 30,444	$ 14,114	$ 13,318
Appropriated to reserve for possible future inventory price declines and other contingencies	0	0	0	0	0	0	0	5,000**	0	0
Balance transferred to earned surplus	$ 30,837	$ 27,799	$ 26,518	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 25,444	$ 14,114	$ 13,318
PAYMENTS:										
Dividends	$ 19,853	$ 19,316	$ 18,460	$ 17,737	$ 13,860	$ 11,306	$ 11,295	$ 10,334	$ 8,757	$ 6,881
Payroll	203,724	190,482	177,752	161,601	156,888	152,574	141,372	122,408	102,532	94,648
Taxes	62,758	54,668	50,944	40,924	32,110	23,824	21,963	26,723	34,651	40,644
PER SHARE OF COMMON STOCK:										
Earnings transferred to earned surplus	$ 4.63	$ 4.22	$ 4.16	$ 5.14	$ 5.26	$ 4.03	$ 3.68	$ 4.05	$ 2.25	$ 2.12
Dividends	3.00	3.00	2.90	2.80	2.20	1.80	1.80	1.65	1.40	1.10
Taxes	9.42	8.31	7.98	6.44	5.08	3.79	3.50	4.26	5.54	6.50
Book Value	37.37	35.73	33.96	32.37	30.03	24.59	22.36	20.46	18.04	17.34
OTHER STATISTICS:										
Number of—										
Common Stockholders	62,318	63,205	63,797	64,420	66,764	67,656	67,256	67,308	67,347	66,636
Employees	45,274	44,405	44,264	43,060	43,615	44,702	44,785	41,799	37,933	36,698

NOTE: **Canadian subsidiaries included beginning in* 1951.
***Transferred to earned surplus in* 1949.

NATIONAL DAIRY PRODUCTS CORPORATION

BOARD OF DIRECTORS

Directors whose names are marked with an asterisk are associated with organizations that are not subsidiaries of National Dairy.

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Philadelphia

JAMES BRUCE
New York

*PAUL C. CABOT
President, STATE STREET INVESTMENT CORPORATION
Boston

ROBERT S. GORDON, *Vice-President & General Counsel*
NATIONAL DAIRY PRODUCTS CORPORATION

VERNON F. HOVEY, *President*
GENERAL ICE CREAM CORPORATION, Schenectady
Vice-President
NATIONAL DAIRY PRODUCTS CORPORATION

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Chairman of the Board, CHRYSLER CORPORATION
Detroit

J. C. LOFTIS, *Executive Vice-President*
KRAFT FOODS COMPANY, Chicago

ELMER J. MATHER, *Vice-President*
NATIONAL DAIRY PRODUCTS CORPORATION
Chairman of the Board
SOUTHERN DAIRIES, INC., Charlotte, N. C.

P. P. MILLER, *Vice-President*
NATIONAL DAIRY PRODUCTS CORPORATION

G. C. POUND, *President*
KRAFT FOODS COMPANY, Chicago
Vice-President, NATIONAL DAIRY PRODUCTS CORPORATION

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former Board Chairman, THE TEXAS COMPANY
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GEO. H. RUTHERFORD, *Vice-President*
NATIONAL DAIRY PRODUCTS CORPORATION

CLYDE H. SHAFFER, *President*
BREYER ICE CREAM COMPANY
Philadelphia

E. E. STEWART, *President & Chairman of the Operating Committee*
NATIONAL DAIRY PRODUCTS CORPORATION

L. A. VAN BOMEL, *Chairman of the Board & Chairman, Executive and Finance Committees*
NATIONAL DAIRY PRODUCTS CORPORATION

*HENRY C. VON ELM
Honorary Chairman, MANUFACTURERS TRUST COMPANY
New York

*SIDNEY J. WEINBERG
Partner, GOLDMAN, SACHS & CO.
New York

RAYMOND J. WISE, *Vice-President*
NATIONAL DAIRY PRODUCTS CORPORATION

•

EXECUTIVE COMMITTEE

L. A. VAN BOMEL, *Chairman*

HENRY W. BREYER, JR.
JAMES BRUCE
PAUL C. CABOT
VERNON F. HOVEY
K. T. KELLER
ELMER J. MATHER
G. C. POUND
W. S. S. RODGERS
E. E. STEWART
HENRY C. VON ELM
SIDNEY J. WEINBERG

•

FINANCE COMMITTEE

L. A. VAN BOMEL, *Chairman*

HENRY W. BREYER, JR.
PAUL C. CABOT
GEO. H. RUTHERFORD
E. E. STEWART
HENRY C. VON ELM
SIDNEY J. WEINBERG

NATIONAL DAIRY PRODUCTS CORPORATION

OFFICERS

E. E. STEWART *President*	
Col. Edward F. Brown	*Vice-President*
Robert S. Gordon	*Vice-Pres. & Gen. Counsel*
Glenn Gundell	*Vice-President*
Vernon F. Hovey	*Vice-President*
Elmer J. Mather	*Vice-President*
P. P. Miller	*Vice-President*
G. C. Pound	*Vice-President*
Geo. H. Rutherford	*Vice-President*
J. Huber Wetenhall	*Vice-Pres. & Asst. to Pres.*
Raymond J. Wise	*Vice-President*

L. A. VAN BOMEL *Chairman of the Board*	
Reed Hartel	*Asst. Vice-President*
A. Boag, Jr.	*Comptroller*
A. S. Aronson	*Treasurer*
Jos. L. Caliri	*Secretary*
Wm. E. Nuessle	*Asst. General Counsel*
James Dale Thom	*Asst. General Counsel*
Peter Campbell, Jr.	*Asst. Comptroller*
L. J. Zimmerlein	*Asst. Comptroller*
H. L. Maurhoff	*Asst. Treasurer*
Elizabeth H. Dreher	*Asst. Secretary*
Catharine Fournier	*Asst. Secretary*

•

OPERATING COMMITTEE

E. E. STEWART, *Chairman*

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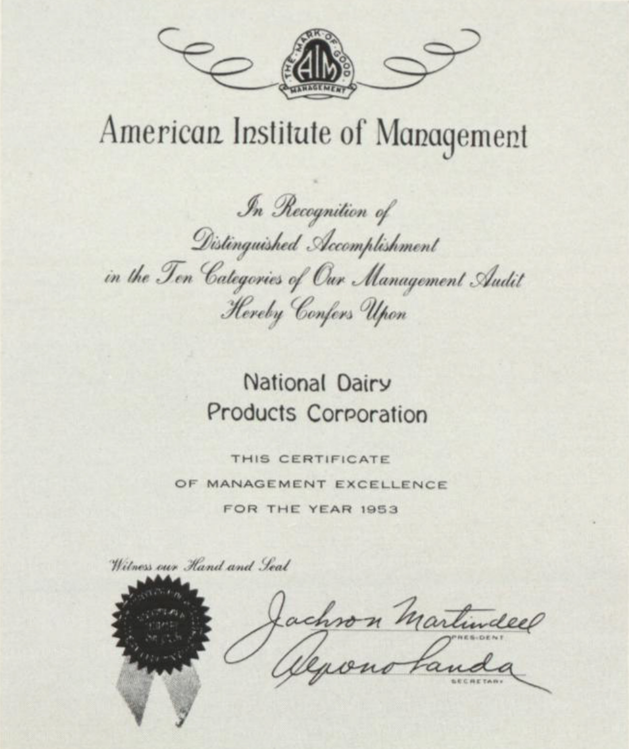
A. J. Dreux
Frank W. Edwards
C. E. Frishmuth
Robert S. Gordon
Glenn Gundell
Vernon F. Hovey
Dan Lewis
J. C. Loftis
George C. Mahle
Elmer J. Mather
P. P. Miller
W. S. Obenshain
G. C. Pound
C. R. Roberts
Geo. H. Rutherford
Clyde H. Shaffer
L. A. Van Bomel
J. Huber Wetenhall
Raymond J. Wise

Members of this committee are executives of National Dairy Products Corporation or subsidiary companies and are designated by the Board of Directors.



American Institute of Management

In Recognition of
Distinguished Accomplishment
in the Ten Categories of Our Management Audit
Hereby Confers Upon

National Dairy
Products Corporation

THIS CERTIFICATE
OF MANAGEMENT EXCELLENCE
FOR THE YEAR 1953

Witness our Hand and Seal

Jackson Martindell
PRESIDENT
Alfonso Landa
SECRETARY

Transfer Agent

Manufacturers Trust Company
New York, N. Y.

•

Registrar

The Chase National Bank of the
City of New York, New York, N. Y.

•

Sullivan & Cromwell, *Counsel*

•

Arthur Andersen & Co., *Auditors*

NATIONAL DAIRY PRODUCTS CORPORATION

260 MADISON AVENUE · NEW YORK 16, N. Y.

PRINCIPAL DIVISIONS

AND FOUNDING DATES

*1901 – Akron Pure Milk Co., The, Akron, O.

*1877 – Ballard Ice Cream Co., Inc., Indianapolis, Ind.
*1895 – Belle Vernon Milk Co., Cleveland, O.
*1883 – Breakstone Bros., Inc., New York, N. Y.
*1866 – Breyer Ice Cream Co., Philadelphia, Pa.

*1892 – Castles Ice Cream Co., Newark, N. J.
*1896 – Chapman Dairy Co., Kansas City, Mo.
*1885 – Chestnut Farms-Chevy Chase Dairy Co., Washington, D. C.
1917 – Clover Dairy Co., The, Wilmington, Del.
*1870 – Clover Farm Dairy Co., Memphis, Tenn.
1927 – Cloverland Dairy Products Corp., New Orleans, La.
1928 – Cloverleaf Creameries, Inc., Huntington, Ind.
1925 – Consolidated Dairy Products Co., Inc., Long Island City, N. Y.
1915 – Consolidated Products Co., Danville, Ill.
*1904 – Consumers Dairy Co., Union City, N. J.

†1847 – Deerfoot Farms Co., Southboro, Mass.
*1900 – Detroit Creamery Co., Detroit, Mich.
1927 – Dodds Alderney Dairy, Inc., Buffalo, N. Y .

1907 – Ebling Creamery Co., Detroit, Mich.
*1900 – Erie County Milk Association, Erie, Pa.
*1885 – Ewing-Von Allmen Dairy Co., Louisville, Ky.

*1899 – Franklin Ice Cream Co., Kansas City, Mo.
1907 – Frechtling Dairy Co., Hamilton, O.

1925 – General Ice Cream Corp., Schenectady, N. Y.

*1900 – Harding Co., The, Omaha, Neb.
1918 – Hiland Dairy Co., Newport, Ky.
1930 – Humko Co., The, Memphis, Tenn.
1914 – Hydrox Corp., Chicago, Ill.
1925 – Hydrox Ice Cream Co., Inc., Long Island City, N. Y.

1930 – Kentucky Dairies, Inc., Louisville, Ky.
*1903 – Kraft Foods Co., Chicago, Ill.
  Kraft Dairies Limited, Hayes, England
  Kraft Foods Co. of Wisconsin, Green Bay, Wis.
  Kraft Foods Limited, Hayes, England
  Kraft Foods Limited, Melbourne, Australia
  Kraft Foods Limited, Montreal, Quebec, Canada
  Kraft Kaese-Werke, G.m.b.H., Lindenberg, Bavaria, Germany
  Phenix Foods Co., Chicago, Ill.

1906 – Luick Dairy Co., Milwaukee, Wis.
*1897 – Luick Ice Cream Co., Milwaukee, Wis.

1913 – Matthews-Frechtling Dairy Co., The, Cincinnati, O.
1906 – Merchants Cold Storage Co., Cincinnati, O.
*1889 – Muller Dairies, Inc., New York, N. Y.

1913 – Nashville Pure Milk Co., Nashville, Tenn.
1921 – National Creamery Co., Somerville, Mass.
1927 – National Dairy Products Co., Inc., Chicago, Ill.
1927 – National Dairy Research Laboratories, Inc., Oakdale, N. Y.

1919 – Ohio Clover Leaf Dairy Co., Toledo, O.

*1872 – Rieck Dairy Co., Pittsburgh, Pa.
*1872 – Rieck Ice Cream Co., Pittsburgh, Pa.
*1876 – J. D. Roszell Co., Peoria, Ill.

*1868 – St. Louis Dairy Co., St. Louis, Mo.
*1901 – Sanitary Milk Co., The, Canton, O.
1953 – Sheffield Chemical Co., Inc., Norwich, N. Y.
†1841 – Sheffield Farms Co., Inc., New York, N. Y.
*1901 – Southern Dairies, Inc., Charlotte, N. C.
1910 – Sugar Creek Creamery Co., Danville, Ill.
†1804 – Supplee-Wills-Jones Milk Co., Philadelphia, Pa.

*1895 – Telling Ice Cream Co., Cleveland, O.

*1890 – Union Ice Cream Co., Nashville, Tenn.

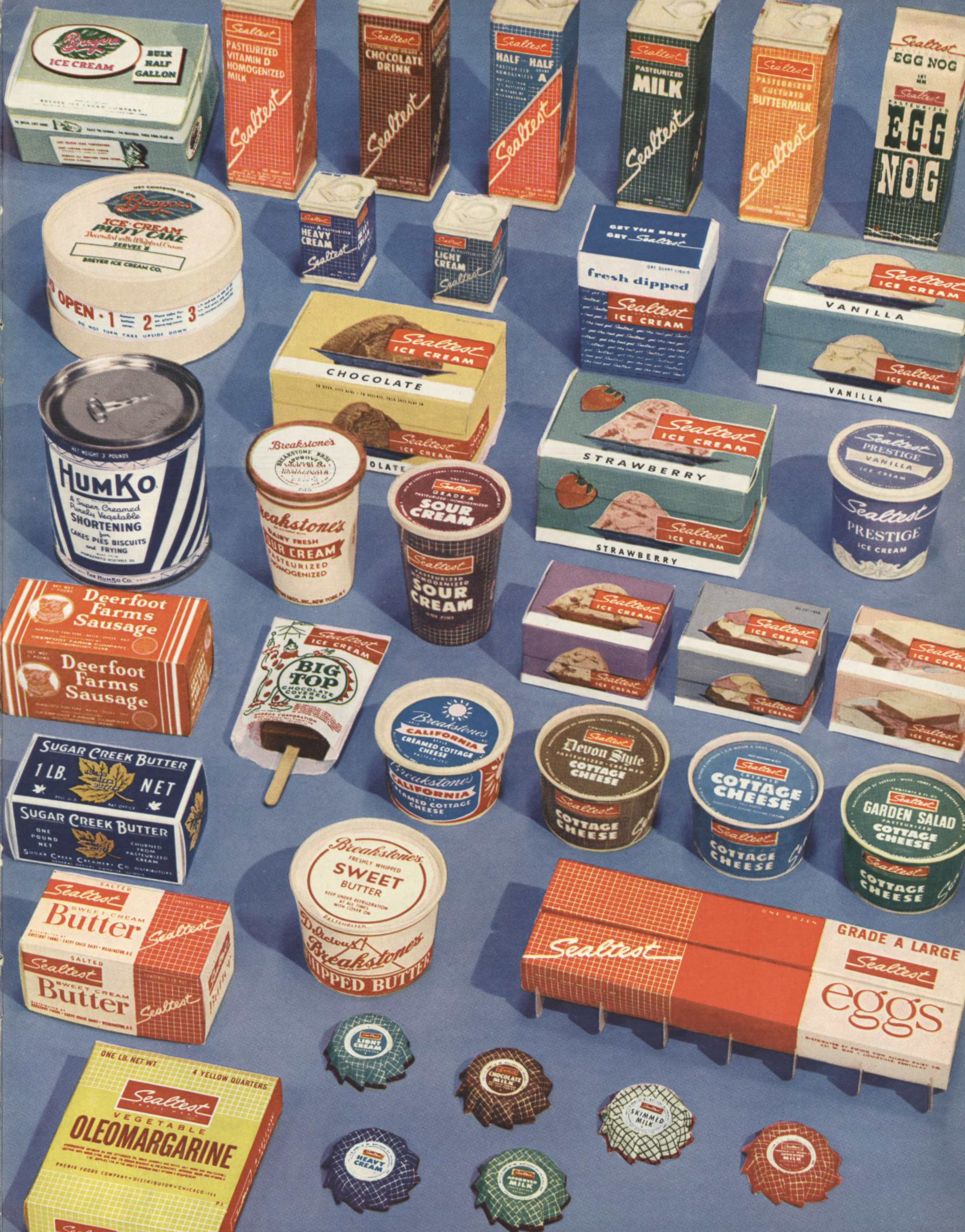
*1871 – Western Maryland Dairy, Inc., Baltimore, Md.
1920 – White Ice Cream & Milk Co., Wilmington, N. C.

1914 – Youngstown Sanitary Milk Co., Youngstown, O.

**Operating for 50 years or more*

†Operating for 100 years or more

Printed in U.S.A.



Breyers Ice Cream
Bulk Half Gallon
Sealtest Pasteurized Vitamin D Homogenized Milk
Sealtest Chocolate Drink
Sealtest Half and Half Grade A
Sealtest Pasteurized Milk
Sealtest Pasteurized Cultured Buttermilk
Sealtest Egg Nog
Egg Nog
Breyers Ice Cream Party Cake
Serves 8
Breyer Ice Cream Co.
To Open • 1 2 3
Do not turn cake upside down
Sealtest Heavy Cream
Sealtest Light Cream
Get the best get Sealtest
fresh dipped
Sealtest Ice Cream
Vanilla
Chocolate
Strawberry
HumKo
A Super Creamed Purely Vegetable Shortening for Cakes Pies Biscuits and Frying
The HumKo Co.
Breakstone's Sour Cream
Pasteurized Homogenized
Sealtest Grade A Sour Cream
Sealtest Prestige Vanilla Ice Cream
Deerfoot Farms Sausage
Sealtest Ice Cream Big Top Chocolate Covered Bar
Breakstone's California Creamed Cottage Cheese
Sealtest Devon Style Cottage Cheese
Sealtest Creamed Cottage Cheese
Sealtest Garden Salad Cottage Cheese
Sugar Creek Butter
1 LB. Net
Sugar Creek Creamery Co.
Breakstone's Freshly Whipped Sweet Butter
Delicious Breakstone's Whipped Butter
Sealtest Sweet Cream Butter
Sealtest
Grade A Large
eggs
One lb. net wt
4 Yellow Quarters
Sealtest Vegetable Oleomargarine
Light Cream
Chocolate Milk
Skimmed Milk
Heavy Cream
Milk